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and G4S Secure Integration LLC*

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION**

In re:

PG&E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC
COMPANY,

Debtors.

- ☐ Affects PG&E Corporation
☒ Affects Pacific Gas and Electric Company
☐ Affects both Debtors

** All papers shall be filed in the Lead Case,
No. 19-30088 (DM).*

Bankruptcy Case
No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**OBJECTION OF G4S SECURE
INTEGRATION LLC AND G4S SECURE
SOLUTIONS (USA), INC. TO PROPOSED
CURE AMOUNTS SET FORTH ON THE
SCHEDULE OF EXECUTORY CONTRACTS
AND UNEXPIRED LEASES TO BE ASSUMED
PURSUANT TO THE PLAN SET FORTH IN
THE DEBTORS' NOTICE OF FILING OF
PLAN SUPPLEMENT IN CONNECTION
WITH THE DEBTORS' AND SHAREHOLDER
PROONENTS' JOINT CHAPTER 11 PLAN
OF REORGANIZATION DATED MARCH 16,
2020**

Related Docket No. 7037

1 Creditors, G4S Secure Integration LLC (“Secure Integration”) and G4S Secure Solutions
2 (USA), Inc. (“Secure Solutions”, and collectively with Secure Integration “G4S”), by and
3 through counsel hereby files this Objection (the “Objection”) to the *Notice of Filing of Plan*
4 *Supplement in Connection with Debtors’ and Shareholders Proponents’ Joint Chapter 11 Plan of*
5 *Reorganization Dated March 16, 2020* (the “Plan Supplement”) [Docket No. 7037], and states as
6 follows:

7 **I. Factual and Procedural Background**

8 **A. Case Background.**

9 On January 29, 2019 (the “Petition Date”), PG&E Corporation and Pacific Gas and
10 Electric Company (collectively, the “Debtors”) filed their voluntary petitions for relief under
11 Chapter 11 of Title 11 of the United States Code. The Debtors continue to operate their business
12 and manage their properties as debtors-in-possession pursuant to 11. U.S.C. §§ 1107(a) and
13 1108.

14 On March 16, 2020, the Debtors filed the *Debtors’ and Shareholder Proponents’ Joint*
15 *Chapter 11 Plan of Reorganization, Dated March 16, 2020* (the “Plan”) [Docket No. 6320].

16 On March 17, 2020, the Court entered an *Order (I) Approving Proposed Disclosure*
17 *Statement for Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization;*
18 *(II) Approving Form and Manner of Notice of Hearing on Proposed Disclosure Statement; (III)*
19 *Establishing and Approving Plan Solicitation and Voting Procedures; (IV) Approving Forms of*
20 *Ballots, Solicitation Packages and Related Notices; and (V) Granting Related Relief* (the
21 “Disclosure Statement Order”) [Docket No. 6340].

22 After entry of the Disclosure Statement Order, the Debtors filed the solicitation version of
23 the *Disclosure Statement for Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of*
24 *Reorganization* [Docket No. 6353], as supplemented by the *Supplement to Disclosure Statement*
25 *for Debtors’ and Shareholder Proponents’ Joint Chapter 11 Plan of Reorganization* [Docket No.
26 6483].

1 In accordance with the Plan, the Debtors filed the Plan Supplement on May 1, 2020 in
2 which the Debtors incorporated the *Schedule of Executory Contracts and Unexpired Leases to be*
3 *Assumed Pursuant to the Plan and Proposed Cure Amounts* (the “Cure Schedule”), as Exhibit B
4 to the Plan Supplement.

5 The Cure Schedule specified two G4S contracts the Debtors plan to assume, (i) Purchase
6 Order #3501143961 dated September 27, 2017 between Secure Integration and Pacific Gas and
7 Electric Company (the “Secure Integration PO”), and (ii) Purchase Order #2700127829 dated
8 June 26, 2018 between Secure Solutions and Pacific Gas and Electric Company (the “Secure
9 Solutions PO”).

10 The cure amount on the Secure Integration PO is listed as \$561,780.25 and the cure
11 amount on the Secure Solutions PO is listed as \$7,425.46.

12 **B. Secure Integration Contracts.**

13 Secure Integration provides Debtors with integrated security systems and services related
14 to the operation, installation and ongoing monitoring thereof. Secure Integration provides these
15 services pursuant to a certain Contract (Long Form) dated January 24, 2019¹, which is known as
16 Contract Number C13287 with the Project Name: Master Service Agreement (the “MSA”).
17 Pursuant to the MSA, Secure Integration provides, among other things, perimeter security
18 protection on Debtors’ substations, service centers, and centralized monitoring centers.

19 Secure Integration is also party to a Master Agreement with the Debtors, which is dated
20 as of October 25, 2010 (the “Master Agreement”), and a related Contract Work Authorization,
21 which is dated September 9, 2019 (the “CWA”), and collectively with the Master Agreement, the
22 “Diablo Canyon Contract”), pursuant to which Secure Integration provides security services
23 specifically to the Debtors’ Diablo Canyon Nuclear Power Plant. The Diablo Canyon Contract
24 and the MSA are collectively referred to herein as the “Secure Integration Contracts”.

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27 ¹ The MSA supersedes and replaces a prior Master Services Agreement dated March 24, 2014 which is known as
28 Contract Number 4600018254 between Secure Integration and the Debtors.

1 Under the Secure Integration Contracts, Secure Integration issues periodic invoices for
2 the aforementioned services to the Debtors. All of the invoices that Secure Integration issues to
3 Debtors are for services contracted under the MSA or the Diablo Canyon Contracts. After the
4 Petition Date, certain, but not all, of the Secure Integrations pre-petition invoices were sold to
5 Citigroup Financial Products Inc. (“Citi”).

6 Amounts due and owing but unpaid pursuant to pre-petition invoices related to the Secure
7 Integration Contracts were set forth in Proof of Claim Number 59275 filed on October 21, 2019
8 by Secure Integration (the “Secure Integration POC”), and Proof of Claim Number 77007 filed
9 on October 21, 2019 by Citi (the “Citi Integration POC”). Since the filing of the Secure
10 Integration POC and the Citi Integration POC, Secure Integration has continued to perform under
11 the Secure Integration Contracts and has issued multiple post-petition invoices for such services.
12 Any amounts that remain unpaid as of the date hereof should be included in the total cure
13 amount. The aggregate amount owed to G4S pursuant to the Secure Integration POC, the Citi
14 Integration POC, and post-petition invoices exceeds any proposed cure amounts the Debtors have
15 listed on the Cure Schedule in relation to Secure Integration. G4S estimates that the cure amount
16 for the Secure Integration Contracts is closer to \$1,801,186.30² in the aggregate, \$1,174,954.61³
17 of which is related to pre-petition invoices and \$626,231.71 which is related to post-petition
18 invoices. Amounts related to the Citi Integration POC received by G4S as part of the Secure
19 Integrations Contracts cure amount will be paid to Citi pursuant to agreement between the parties
20 if such amounts are not already paid directly to Citi by Debtors.

21 **C. Secure Solutions Contract.**

22 Secure Solutions provides Debtors with manned security personnel, both permanent and
23 temporary in nature. Secure Solutions and the Debtors are party to a certain Contract dated April
24

25 ² This figure is a mere approximation of the amount outstanding under pre-petition and post-petition invoices
26 according to G4S records. It is not meant to be an exact or accurate cure amount and is being provided for the mere
27 purpose of illustrating the discrepancy between the Debtors’ proposed cure amount and current G4S records. G4S
28 reserves the right to amend, supplement, or modify this amount at any time after the filing of this Objection.

³ This figure consists of \$107,755.96 of outstanding amounts owed on pre-petition invoices retained by G4S and
\$1,067,198.65 of outstanding amounts owed on pre-petition invoices sold to Citi.

1 1, 2017, and known as Contract Number C620 (formerly Contract Number 4400011501) (the
2 “Secure Solutions Contract”, and collectively with the Secure Integration Contracts, the “G4S
3 Contracts”). Pursuant to the Secure Solutions Contract, Secure Solutions issues periodic invoices
4 for all manned security services to the Debtors. All of the invoices that Secure Solutions issues to
5 Debtors are for services contracted under the Secure Solutions Contract. After the Petition Date,
6 certain but not all, of the Secure Solutions pre-petition invoices were sold to Citi.

7 Amounts due and owing but unpaid pursuant to pre-petition invoices related to the Secure
8 Solutions Contract were set forth in Proof of Claim Number 71836 filed on October 21, 2019
9 (the “Secure Solutions POC”), and Citi also filed Proof of Claim Number 73730 on October 21,
10 2019 (the “Citi Solutions POC”). Since the filing of the Secure Solutions POC and the Citi
11 Solutions POC, Secure Solutions has continued to perform under the Secure Solutions Contract
12 and has issued multiple post-petition invoices for such services. Any amounts that remain unpaid
13 as of the date hereof should be included in the total cure amount. The aggregate amount owed to
14 G4S pursuant to the Secure Solutions POC, the Citi Solutions POC, and all post-petition invoices
15 exceeds any proposed cure amounts the Debtors have listed on the Cure Schedule in relation to
16 Secure Solutions. G4S estimates that the cure amount for the Secure Solutions Contract is closer
17 to \$15,244,685.34⁴ in the aggregate, \$10,242,252.30⁵ of which is related to pre-petition invoices
18 and \$5,002,406.04 which is related to post-petition invoices. Amounts related to the Citi
19 Solutions POC received by G4S as part of the Secure Solutions Contract cure amount will be
20 paid to Citi pursuant to agreement between the parties if such amounts are not already paid
21 directly to Citi by Debtors.

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23
24
25 ⁴ This figure is a mere approximation of the amount outstanding under pre-petition and post-petition invoices
26 according to G4S records. It is not meant to be an exact or accurate cure amount and is being provided for the mere
27 purpose of illustrating the discrepancy between the Debtors’ proposed cure amount and current G4S records. G4S
28 reserves the right to amend, supplement, or modify this amount at any time after the filing of this Objection.

⁵ This figure consists of \$110,995.36 of outstanding amounts owed on pre-petition invoices retained by G4S and
\$10,131,256.94 of outstanding amounts owed on pre-petition invoices sold to Citi.

II. Objection to Proposed Cure Amounts

The Debtors failed to include either the Secure Integration Contracts or the Secure Solutions Contract in the Cure Schedule and instead list only the Secure Solutions PO and the Secure Integration PO, each of which G4S is unable to identify. G4S reserves its right to object to or demand further clarification of the vague manner in which G4S Contracts to be potentially assumed by the Debtors are presented. G4S reserves all rights to raise arguments regarding whether any G4S Contract sought to be assumed by the Debtors is subject to rejection, assumption or assignment.

Further, the cure amounts listed in connection with the Secure Solutions PO and the Secure Integration PO are not accurate when applied to the cure amounts required under the G4S Contracts and the amounts needed to cover pre-petition invoices outstanding under the Citi POCs.

Any assumption and assignment of the G4S Contracts must be conditioned on the Debtors' compliance with the requirements of 11 U.S.C. §365, including, but not limited to, paying all amounts due and owing under each of the G4S Contracts through the effective date of the assumption and assignment of the G4S Contracts. G4S's consent to assignment pursuant to Section 365 of the Bankruptcy Code shall not be deemed consent to any further assignment of the G4S Contracts.

The Cure Amount may increase prior to the actual date of assumption and assignment of the G4S Contracts if the Debtors does not pay all amounts that accrue after the date of this Objection, and any other amounts that may become due, pursuant to the terms of the G4S Contracts, and any invoices related thereto, or interest thereon, regardless of when those amounts accrued. Should Debtors seek to assume and assign any agreement under Section 365 of the Bankruptcy Code, each of the G4S Contracts must be assumed or rejected *cum onere*: with the burdens as well as the benefits. If the Debtors assume any of the G4S Contracts, they must assume each contract's characteristics and properties contained therein.

1 Should the Debtors seek to assume or assign the G4S Contracts, they are obligated to
2 provide G4S with adequate assurance that the Debtors or any assignees of the Debtors, will be
3 able to satisfy the obligations under each of the G4S in the future pursuant to Section 365 of the
4 Bankruptcy Code.

5 G4S expressly reserves the right to amend or supplement this Objection from time to
6 time, and requests that the Debtors remain liable for, among other things, amounts due under the
7 G4S which have accrued but may be unbilled as of the date hereof.

8 Any order approving the assumption and assignment of the G4S Contracts must provide
9 that any assignee of the G4S Contracts is responsible for all accrued, but unbilled charges under
10 the applicable agreement, whether accruing prior to or after the effective date of assumption
11 and/or assignment when such charges become due in accordance with the terms of the applicable
12 G4S Contract.

13 **III. Conclusion**

14 WHEREFORE, G4S believes that the G4S Contracts were improperly omitted from the
15 Cure Schedule and to the extent any cure amount was listed in connection with Secure
16 Integration or Secure Solutions, such cure amount is insufficient. G4S therefore objects to the
17 proposed cure amounts listed on the Cure Schedule and hereby requests the Court enter an order:
18 (i) supplementing the Cure Schedule to include the G4S Contracts, (ii) modifying the cure
19 amounts associated Secure Integration and Secure Solutions, and (ii) granting such other relief as
20 is just and proper.

21 Dated: May 15, 2020

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